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SUBJECT: GHANA: SCENE SETTER FOR CODEL PRICE'S VISIT TO GHANA JUNE
27-29, 2008

1.(U) Representative Price and delegation members: Our entire mission joins me in extending to you a very warm welcome to Ghana. We hope your visit here helps inform you and your team, and we look forward to supporting your objectives.

2.(U) SUMMARY: After celebrating 50 years of independence in 2007, Ghana is preparing to hold Parliamentary and Presidential elections in December 2008. At that time, Ghanaians will choose a successor to President John A. Kufuor. Reflecting its growing prominence in the region, Ghana has played host to a number of major events over the past year, including UNCTAD XII, the Sixth African Growth and Opportunity Act(AGOA) Forum and the Cup of African Nations soccer championship. In February, 2008, President Bush visited Ghana. He reinforced the positive and very strong bilateral relationship, highlighted existing trade and development programs and announced funding for health programs. Considerable press attention also focused on President Bush's emphatic denial of rumors regarding a possible U.S. military presence in Ghana with the newly formed U.S. Africa Command (AFRICOM).

13. (U) Summary continued: Ghana has made impressive progress in democratic and economic development but challenges such as poverty, corruption, lack of adequate infrastructure, an improving but still difficult business climate, and narcotics trafficking (cocaine and heroin) must be overcome if Ghana is to achieve its goal of reaching middle income status by 2015.

U.S. interests center on support for Ghana's democracy, poverty reduction and shared prosperity, private sector development, security cooperation, and enhanced people-to-people and cultural ties. Ghana is a reliable partner in peacekeeping, conflict resolution, countering terrorism and in economic development. As evidence of Ghana's leadership role President Kufuor served last year as President of the African Union and Ghana was a non-permanent member of the UN Security Council. END SUMMARY.

2007 AND 2008: IMPORTANT YEARS FOR GHANA

13. (SBU) Ghana is gearing up for its December 2008 Presidential and legislative elections. President Kufuor cannot seek another term under Ghana's constitution. The 2007 independence celebrations provided an opportunity for many Ghanaians to celebrate the country's many achievements over the last 50 years, as well as to reflect on ways to meet the challenges that remain.

POSITIVE STEPS FORWARD

14. (SBU) Ghana is generally stable country, with an apolitical military, a solid record on human rights, and a lively, free media. After 15 years of democratic governance, Ghanaians are committed to democracy. Ghana has held four consecutive democratic national Elections deemed to be free and fair. While parliament is weak and the main parties are increasingly polarized, there is political space for the opposition and almost half of parliamentary seats are held by the main opposition National Democratic Congress (NDC) party. Civil

society,
particularly religious associations, is active.

¶5. (U) Politics is increasingly focused on the 2008 election which promises to be a close race between the National Democratic Congress (NDC) and the ruling New Patriotic Party (NPP). The NPP defeated the NDC in the two previous elections by thin margins. In December, the ruling NPP selected Nana Akufo Addo, former Minister of Foreign Affairs, as its candidate from among 17 aspirants. The NDC has selected 2000 and 2004 party flag-bearer, and former Vice President in the Rawlings administration, Professor John Atta Mills to contest once again for the presidency. The People's National Convention (PNC) has chosen Dr. Edward Mahama who also ran in the 2004 election. The Convention People's Party (CPP) selected Dr. Paa Kwesi Nduom, former Minister for Public Sector Reform and the lead official in moving Ghana's MCC Compact to approval. In 2004, the NPP received 53.4% of the votes, the NDC received 43.7% of the votes, the PNC received 1.9% and the CPP received 1%.

¶6. (SBU) The economy has performed generally well under the Kufuor administration but inflation and fiscal pressures have been growing in 2008 in the face of rising energy and food prices and a bloated public sector wage bill. Sound macro-economic policy accompanied by major debt relief, large inflows of donor resources and relatively high cocoa and gold prices have been key to the steady improvements in the real GDP growth, which was more than 6 percent in 2006 and 2007, reductions in poverty and, until 2008, a downward trend in inflation. In October 2007 Ghana became the first sub-Saharan country other than South Africa to successfully enter international capital markets by issuing a \$750 million sovereign bond. In 2008, Ghana is well positioned to become the first sub-Saharan African country to meet the Millennium Development Goal of reducing poverty by 50 percent.

¶7. (U) USAID provides significant support for Ghana's development, averaging about \$40 million annually 2004-2007 in addition to \$22 - \$25 million in food aid prior to FY 2007. While food aid is being phased out, additional support for malaria and education under the special Presidential Initiatives has increased overall funding for USAID to approximately \$70 million in FY 2008. Ghana's strong performance was recognized in 2006 with the signing of a five-year, \$547 million Compact with the Millennium Challenge Corporation, aimed at transforming Ghana's agricultural sector. The Compact has three main components: enhancing profitability of small farmers; reducing costs affecting agricultural commerce through improvements in infrastructure, including roads; and expanding basic services in twenty-three key agricultural districts. .

DIFFICULT CHALLENGES REMAIN

¶8. (SBU) Despite Ghana's democracy and stability, politics is polarized, political power is centralized, and democratic institutions are weak. Corruption is becoming endemic and Ghana

faces human rights challenges relating to child labor and human trafficking. Ghana also faces a range of security challenges, including a rise in violent street crime and vigilante justice, sometimes violent chieftaincy disputes, a proliferation of small arms, and a growing problem with narcotics trafficking. This trafficking involves the transshipment of cocaine from Latin America into Europe and the U.S., and to a lesser degree heroin from Central Asia. The Ghana Police Service and other authorities have requested assistance in countering narcotics; the police has also been at the center of scandals involving the disappearance of seized cocaine. Later this year the U.S. Drug Enforcement Administration will open an office in Accra.

¶9. (U) Economically, Ghana is vulnerable to external price shocks in cocoa and gold, which account for about 65 percent of exports, and the country is heavily dependent on foreign assistance and remittances. While macro-economic management remains generally sound, the economy shows signs of overheating as energy and food prices rise and government spending is increasing. The fiscal deficit is expected to move into double digits as a percentage of GDP and inflation has increased to almost 17 percent as of April 2008, up from around 10 percent at the end of 2007. Infrastructure

necessary to support growth is poor, particularly power generation and water supply. Last year's energy crisis, with scheduled 12-hour power outages every second day, has subsided, but concerns over long-term energy policies remain. The impact of the discovery in 2007 of commercially viable oil reserves in Ghanaian waters is a wild card in Ghana's energy and economic future. Oil production is expected to begin in 2010 and could provide a considerable fiscal cushion but it also presents significant revenue management and development challenges.

¶10. (SBU) Social indicators such as maternal and infant mortality rates are well below levels in the 1980s but remain high and have not changed significantly in ten years. Access to education has grown but quality is lacking. Many Ghanaians do not feel they have benefited from the country's macroeconomic success. According to the Center for Democratic Development's 2005 Afrobarometer survey, 53 percent of respondents thought their standard of living had declined over the previous year, compared to 38 percent in a similar survey in 2002.

GHANA IN THE WORLD

¶11. (U) Ghana has been playing an increasingly significant and positive global leadership role. It is an active member of the Economic Community of West African States (ECOWAS), chaired the African Union in 2007, and just concluded a term as a non-permanent member of the UN Security Council. Ghana is a major contributor of troops to UN Peacekeeping Missions and currently has personnel serving in Liberia, Cote d'Ivoire, Democratic Republic of the Congo, and Lebanon. Ghanaian elder statesman and former UN Secretary General Kofi Annan helped broker a fragile power-sharing agreement in Kenya. Ghana is also a member of the International Atomic Energy Agency. Ghana prefers multilateral solutions to global problems and has a history of committed African leadership, based on consensus among players.

GHANA AND THE U.S.

¶12. (SBU) Our bilateral relations are exceptionally good, and Ghanaians and citizens of the U.S. share a love of democracy, human rights, educational opportunity, free enterprise, peace and stability. There is a deep reservoir of goodwill toward the United States and a genuine appreciation of our role and contributions to this society. Approximately 3000 Ghanaian students are studying in the United States and the Mission nominates many strong candidates for International Visitor Programs that enhance professional development. Ghana, in partnership with AFRICOM, has made great strides in developing its maritime domain awareness, improving its commercial port security and safeguarding its territorial waters. Africa Partnership Station, a six-month U.S. deployment to the Gulf of Guinea, recently wrapped up training in Ghana, providing courses to nearly one-third of the Ghana Navy. Again, look forward to welcoming you to experience some of Ghana's successes and challenges first hand.

Bridgewater